



July 15, 2020

Ambassador Robert E. Lighthizer
Office of the United States Trade Representative
600 17th Street NW
Washington DC 20508

Re: Docket No. USTR-2020-0022

Dear Ambassador Lighthizer:

I write regarding your office's Section 301 investigation into Turkey's Digital Services Tax. The Turkey-US Business Council (TAİK), the organization I chair, advocates for stronger business ties between our two countries and represents a collective voice among the business community in Turkey. I write on behalf of countless Turkish companies who have been trading with the United States for decades to express our concerns about the prospect of the United States levying additional tariffs on Turkish goods and services.

The leaders of our respective countries have repeatedly and publicly stated a commitment to increasing our bilateral trade volume from the current level of \$25 billion per year to \$100 billion per year. Imposing additional tariffs will serve as a barrier to achieving this goal. The United States has already recently placed tariffs on Turkish goods such as steel, which has resulted in a drop in US imports from our country and increased prices for US consumers. We feel more tariffs are antithetical to the economic interests on both sides of the Atlantic and could hamper our efforts to increase trade.

Moreover, the timing of this investigation is not beneficial to the United States or Turkey. Additional tariffs on Turkish goods could hamper America's economic recovery from the pandemic by increasing costs on imports, including goods that are critical to the coronavirus response. These additional costs would be passed on to already cash-strapped American consumers which could hold back economic growth and lead to job losses in both economies.

The United States is one of Turkey's largest and most critical trading partners and according to your office, this relationship supports at least 68,000 American jobs. We are eager to build on this long-standing relationship and feel there is significant potential to bring our economies closer together, especially as we grapple with the global economic challenges related to COVID-19. For example, Turkey is eager to increase our imports of American liquefied natural gas, agricultural products and many other goods. Our firms are also eager to serve as supply chain alternatives to China, particularly in the textile, white goods and automotive sectors. Improved Turkey-US trade in these sectors will foster greater cooperation between our countries in other areas as well.

In relation to the digital services tax, it is important to note that current global trade structures do not match the new digital economy. The Turkey-US Business Council supports continued discussions between the United States and OECD countries - including Turkey - to modernize global trade and tax policies and bring them into the 21st century.



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Thank you for your consideration of these comments. As I am sure you agree, stronger economic ties between Turkey and the United States will provide significant economic benefits to the people of both countries and greatly enrich our longstanding relationship. We look forward to continued progress toward this end. Please do not hesitate to reach out to me directly should you have any questions.

Regards,

Mehmet Ali Yalcindag
Chairman
Turkey-US Business Council (TAİK)

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